

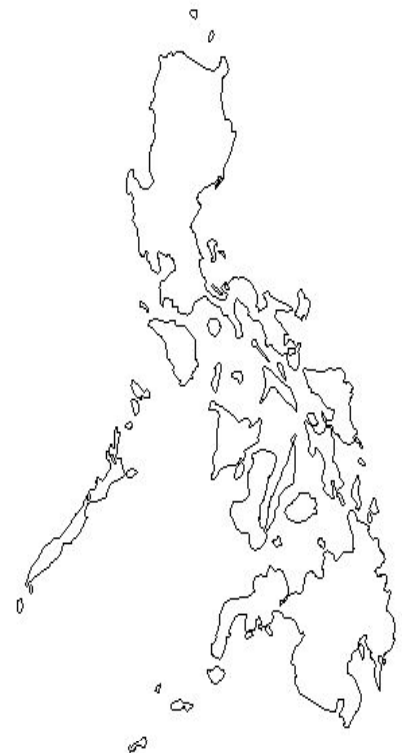
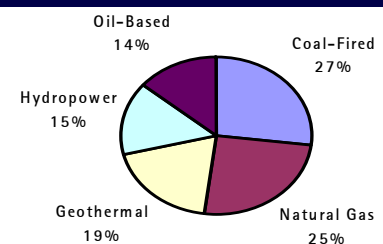
ELECTRIC POWER SYSTEMS

Philippines

Market Overview

- ▶ The 2001 **Electric Power Industry Reform Act (EPIRA)** has mandated the **restructuring** of the **generation, transmission, distribution and retail supply** of power.
- ▶ EPIRA should allow a more transparent power tariff structure to emerge and ensure open access and retail competition on the supply side.
- ▶ To avert an **impending power crisis**, additional power generating capacity will be added in the next 2-3 years, especially in the Visayas and Mindanao.
- ▶ The Philippines will need **9,228 MW** of additional capacity between 2005 and 2014.
- ▶ **7 to 9 percent** demand growth is being driven by population increases, business and residential construction, increased agro-industrial activity; and growth in mining, telecommunications and ICT-enabled service sectors.
- ▶ The Philippine government is encouraging the use of **indigenous energy sources**, notably geothermal, hydro, wind, solar and biomass to reduce dependence on imported fuels to run power plants.

POWER GENERATION MIX
(by type of Power Plant, 2003)



ELECTRIC POWER SYSTEMS TRADE
(in million US\$)

	2002	2003	2004
Total Imports	600.6	614.8	661.6
Imports from US	72.9	74.1	82.4
Total Exports	260.5	306.3	473.1

*Figures are unofficial estimates from available trade data.

Market Trends and Opportunities

Generation

- ▶ Several Independent Power Producers (IPPs) and other power generating companies (GenCos) are currently in operation and maintenance mode, and are expected to drive demand for **replacement parts and servicing** of existing facilities and equipment.
- ▶ **New power plant projects** are being planned to augment generating capacity will require various **heavy-duty equipment** (e.g., turbines, boilers, generators and accessories, etc.) and other related products prior to commissioning.
- ▶ Continued efforts towards rural electrification and servicing of off-grid and remote islands in the Philippines provide opportunities for suppliers of **small-scale power generation equipment** and related products and services.

Transmission

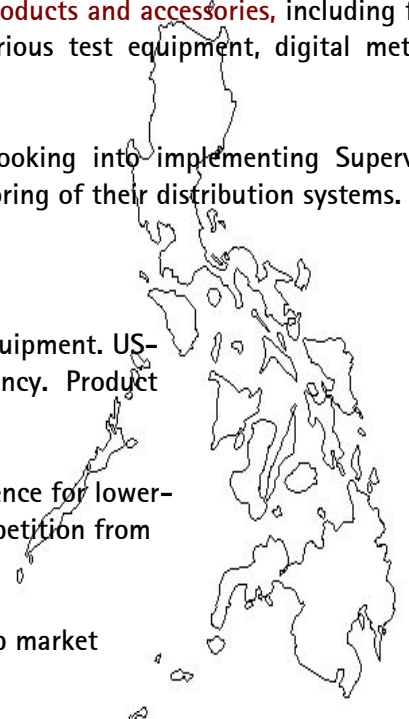
- ▶ In line with the Transmission Development Plan (TDP), state-owned National Transmission Company (TransCo) is currently undertaking **expansion and upgrade of the country's transmission infrastructure**.
- ▶ TransCo's expansion activities will spur demand for transmission hardware, substation equipment, and various "consumables" such as transmission towers, power conductors, insulators, high-voltage transformers, circuit breakers, communication equipment and line protection devices.

Distribution

- ▶ Distribution utilities, which include private utility companies and electric cooperatives, are always on the look out for **new products and technology that will minimize system losses** to achieve a more reliable and efficient power supply system.
- ▶ To address growing power demand, distribution utilities are undertaking capacity enhancement and facility upgrades which provide opportunities for suppliers of **power distribution products and accessories**, including fuses, fuse cut outs, insulators, transformers, automatic voltage regulators, various test equipment, digital metering devices, etc.
- ▶ The on-going trend is towards **automation**, and some companies are looking into implementing Supervisory Control and Data Acquisition (**SCADA**) networks to facilitate remote monitoring of their distribution systems.

Market Entry Prospects

- ▶ The US remains a major supplier of electrical power system products and equipment. US-made products are highly regarded in terms of quality, reliability and efficiency. Product standards and specifications are largely adapted from US systems.
- ▶ The market is becoming more price-sensitive, and there is a growing preference for lower-priced yet technically compliant alternatives. US suppliers face strong competition from China, Korea, Taiwan, Japan and some European suppliers.
- ▶ US exporters are encouraged to work with local agents or distributors to tap market opportunities and rely on their established partner and client networks.



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